

County of Los Angeles

DEPARTMENT OF PUBLIC SOCIAL SERVICES

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December 6, 2007

TO: Each Supervisor

FROM: Philip L. Browning, Director

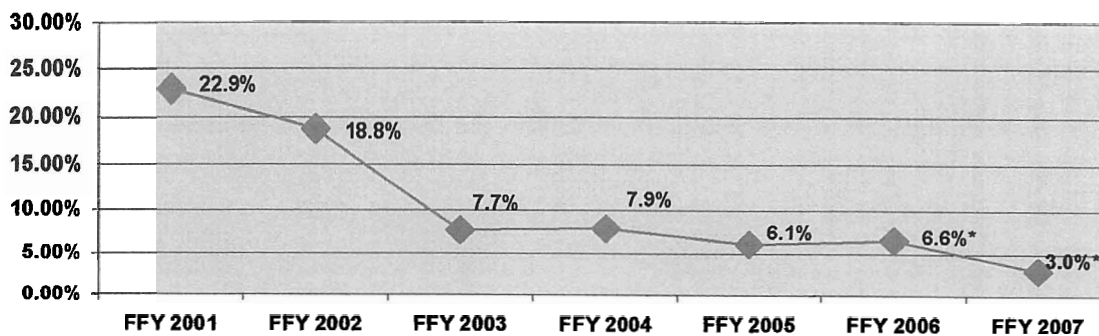
SUBJECT: BOARD OF SUPERVISORS MOTION: L.A. COUNTY FOOD STAMP
ERROR RATE PROGRESS REPORT (BOARD ORDER #38 – APRIL 24,
2001)

This is to provide your Board with a quarterly progress report on the Los Angeles County Food Stamp error rate for the first seven months of Federal Fiscal Year (FFY) 2007. Representatives from the Chief Executive Office have reviewed and concur with the information in this report.

ERROR RATE

The Department's preliminary QC error rate for FFY 2007 (October 2006 through July 2007) is 3.02%. The chart below reflects the Department's annual Food Stamp error rate over the past six federal fiscal years, as well as the first ten months for FFY 2007. As displayed on the chart, the drop from 6.6% in FFY 2006 to the 3.02% error rate in the current fiscal year is a significant change.

Trends in Los Angeles County QC Error Rate FFY 2001-2007



Source: State Quality Control System Reports
* Preliminary

DPSS continues to monitor internal payment accuracy through Quality Assurance reviews conducted on a monthly basis in each district office, and the offices are ranked based on these reviews (see Attachment I). District managers are held accountable for their error rate performance using the DPSSTATS Program.

In the report of May 1, 2007, your Board was informed that the Department has implemented a number of additional corrective action activities to reinforce policy and eliminate error prone areas including partnering with the State on presentations to eligibility staff to heighten awareness of payment accuracy. The presentations began in June 2007 and are targeted for completion by the end of the year.

FOOD STAMP SANCTION

The United States Department of Agriculture, Food, Nutrition, and Consumer Services released official Food Stamp error rates for FFY 2006 in a letter dated June 29, 2007. With an error rate of 6.98%, California has once again successfully met the error rate target of 7.4%, or below, established by the FFY 2000-2002 Food Stamp Sanction Settlement Agreement. As a result, USDA will waive the \$12.5 million held at-risk for FFY 2006. A copy of the letter is provided on Attachment II. We will continue to work together with the State to maintain a Food Stamp error rate below 7.4% for FFY 2007, the last year of the FFY 2000-2002 sanction settlement agreement.

The good news of our accomplishments has peaked interest in neighbors across the ocean as well as nationally. On June 4, 2007, members of the Work and Pensions Committee from the British Parliament visited the Department. The purpose of the visit was to learn about our recent efforts taken to simplify the eligibility and benefits systems. The Committee was also interested in our progress with on-line application for benefits. On August 1, 2007, my Department hosted a visit from the State of Arizona, Department of Economic Security. The primary purpose of this visit was to learn about the Food Stamp corrective action initiatives which contributed to reducing the County's and ultimately the State's Food Stamp error rate.

DPSS continues to make significant improvements in reducing the Food Stamp error rate. The next Food Stamp progress report will be submitted to your Board in March 2008.

PLB:ps

Attachments

- c: Chief Executive Officer
- Deputy Chief Executive Officer
- County Counsel
- Executive Officer, Board of Supervisors
- Auditor-Controller



United States Department of Agriculture

Office of the Secretary
Washington, D.C. 20250

The Honorable Arnold A. Schwarzenegger
Governor of California
State Capitol
Sacramento, California 95814

JUN 29 2007

Dear Governor Schwarzenegger:

Today the Department of Agriculture (USDA) released official food stamp overpayment, underpayment, payment, and negative error rates for fiscal year (FY) 2006 under the quality control (QC) provisions of Section 16(c) of the Food Stamp Act of 1977 (the Act).

California's QC error rates for FY 2006 are:

Overpayment Rate	5.28 percent
Underpayment Rate	1.70 percent
Payment Error Rate	6.98 percent
Validated Negative Error Rate	24.64 percent

Your payment error rate consists of two components: the overpayment rate and the underpayment rate. Overpayments reflect benefits issued over the amount that a household is entitled to receive while underpayments reflect benefits that a household is entitled to but did not receive. The overpayment error rate and the underpayment error rate may not add up to the payment error rate due to rounding. The national performance measure (national average payment error rate) for FY 2006 is 5.99 percent. The negative error rate measures the correctness of a State agency's action to deny an application or suspend or terminate the benefits of a participating household. The rate also measures whether a State agency correctly determined a household's eligibility in terms of the State's compliance with Federal procedural requirements. The national average negative error rate for FY 2006 is 8.02 percent.

Statutory authorities regarding liability determination due to excessive payment error rates have been delegated by the Secretary of Agriculture to the Under Secretary for Food, Nutrition, and Consumer Services (FNCS). Under the Act, a 2-year liability system is in place. Under this system, a liability amount shall be established when, for the second or subsequent consecutive fiscal year, FNCS determines that there is a 95 percent statistical probability that a State's payment error rate exceeds 105 percent of the national performance measure for payment error rates. I am pleased to inform you that your State falls within this tolerance level and FY 2006 will not count as a first year for your State.

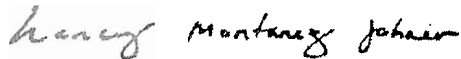
The Honorable Arnold A. Schwarzenegger

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At this time, USDA is also announcing the recipients of the payment accuracy and negative error rate bonus payments for FY 2006. Unfortunately, your rates did not qualify for an award in these categories for this year. Please contact your Food and Nutrition Service regional office for a list of award winners and your State's relative ranking. Beyond payment accuracy and negative error rates, FNCS identified two other areas of performance for FY 2006 on which awards are based: highest and most improved program access index and highest percent of timely processed applications. The performance bonus awards for program access and timely processed applications will be announced at a later date.

I encourage you to continue your efforts to improve program integrity and the overall administration of the Food Stamp Program. Proper administration of this important nutrition assistance program results in public confidence as we work together to provide services to needy Americans.

Sincerely,

A handwritten signature in cursive script, reading "Nancy Montanez Johner".

Nancy Montanez Johner
Under Secretary
Food, Nutrition, and Consumer Services